

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY BY DEPUTY G.P. SOUTHERN  
OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 1st APRIL 2008**

**Question**

Given the Minister for Treasury and Resources' stated intention to link the 2009 States' employees' pay awards to his new RPI(Y) inflation measure, which does not include taxation changes and will therefore be lower than the actual rise in the cost of living given by RPI, and following the development of RPI (pensioner) and RPI (low income) measures, what measures does the Minister propose, in conjunction with the Minister for Treasury and Resources if necessary, for the indexation of a) pensions and b) other benefits in 2009, and why?

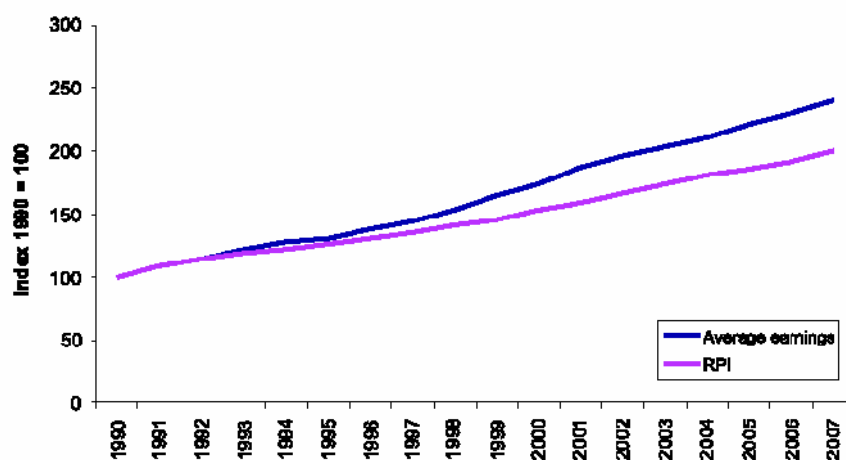
**Answer**

Members will be aware of the written question answered on 26th February 2008, which contains all the information requested in this further question.

For the sake of clarity, that answer is repeated:

1. "There are no plans to alter the statutory provisions set out at Article 13 of the Social Security (Jersey) Law 1974 which provides for the automatic uprating of all contributory benefits (including pensions) by the Jersey Earnings Index annually. Since 1990, the Average Earnings Index has increased at an average annual rate about 1 percentage point greater than that of the RPI. The graph below plots the two indices since 1990.

**Figure 3.4: Index of Average Earnings and the RPI**



Source, Jersey Economic Digest 2007

Members will be aware that the UK government, as part of their pension reform programme, have introduced the Pensions Act 2007 which includes a commitment to link the annual increases in state pension with earnings rather than prices, as has been the case in Jersey for many years. The UK government hope to achieve this by 2012.

From time to time, the increase in RPI is above that of average earnings – this has happened 4 times in the last 17 years. These occasional anomalies do not detract from the general principle that contributory benefits should be linked to wages, and that this automatic link has been of great benefit to pensioners since it was introduced.

2. Members will also be aware that under the Income Support (Jersey) Law 2007 an annual review of rates has to be carried out. In reviewing these rates statutory provision provides that regard shall be given to changes in the cost of living and in the general standards of living of the community together with other factors that the Minister considers relevant. The component rates in Income Support are set under Regulations and the Minister will provide full details to the Assembly of the basis for any amendments to rates when the Minister brings forward a proposition on the annual review.”